



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 213
[2005 Assembly Bill 1036]

**Revised Article 5 of the Uniform
Commercial Code, Concerning
Letters of Credit**

2005 Wisconsin Act 213 alters current Wisconsin law to reflect the revisions to Article 5 of the Uniform Commercial Code (UCC), concerning letters of credit, as recommended by the National Conference of Commissioners on Uniform State Laws and the American Law Institute. The revisions embodied in the Act simplify current law regarding letters of credit by recognizing and incorporating current standards of practice for actions like deferred payment obligations, reasonable time to examine documents, preclusion, and the return of documents.

The Act further clarifies what constitutes fraud in a letter of credit transaction. The Act limits damages for a dishonored or repudiated letter of credit to the amount of the letter or the value of a specific performance and incidental damages. Consequential damages are prohibited by the Act. Specific requirements of the Act may be waived or by the mutual agreement of the parties involved as is permitted under current law.

Effective Date: The Act takes effect on April 11, 2006.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.